

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA TELECOMMUNICATIONS SERVICES, INC.	DOCKET NO. RPU-01-7
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ORDER APPROVING SETTLEMENT

(Issued November 30, 2001)

On June 1, 2001, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom), filed with the Utilities Board (Board) proposed tariff revisions to its premium-calling plan. The proposed tariff, identified as Docket No. TF-01-159, established a 10,000-minute usage limit per month, with minutes in excess of this limit billed at \$.09 per minute. On June 29, 2001, the Board suspended the proposed tariff and docketed it for investigation of the regulatory statute of the service and whether the proposed tariff revision complied with Iowa Code § 476.97(11)"e"(3). By order dated July 5, 2001, the Board established a procedural schedule for the disposition of the case. The proceeding was identified as Docket No. RPU-01-7.

On October 1, 2001, Iowa Telecom and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a joint motion to approve a settlement agreement that would resolve all outstanding issues. There are no other parties to this proceeding.

The Board has the authority to resolve contested cases by unanimous settlement. In evaluating a proposed settlement, the Board examines whether the

settlement is reasonable in light of the whole record, consistent with law, and in the public interest. Iowa Code § 17A.12(5); 199 IAC 7.2(11).

The proposed settlement attempts to prevent customers of Iowa Telecom from using this service for unlimited data connections rather than for its intended purpose of voice service. The proposed settlement contains four principal parts, which are described as follows:

A. The parties agree that the Premium Calling Plan service is a regulated, nonbasic communications service and subject to the Board's jurisdiction.

B. The Premium Calling Plan would be revised to establish a 12,500-minutes usage limit per month for both the business rate and residential rate. All minutes in excess of this limit would be billed at \$.09 per minute of use.

Iowa Telecom and the OCA believe that any additional revenues from this usage level will not violate the price regulation provision of Iowa Code § 476.97(11)"e"(3). This Code provision states that a price-regulated local exchange carrier shall not increase its aggregate revenue weighted prices for nonbasic communications services more than 6 percent in any 12-month period.

C. A general notice will be provided by Iowa Telecom to all Premium Calling Plan customers as to the establishment of the 12,500-minute usage limit and \$.09 per minute charge for minutes exceeding this limit at least 30 days before the limit is imposed. A more specific notice will be provided to any Premium Calling Plan customer who exceeded the 12,500-minute limit in the past six months.

D. Iowa Telecom will use another warning mechanism to alert customers to their usage levels. A line on the customer's bill close to the Premium Calling Plan

billing line will indicate the number of minutes in excess of 10,000 minutes that were incurred in the past month.

The Board agrees with the parties that the Premium Calling Plan should be classified as a nonbasic communications service as Iowa Telecom has provisioned in this service.

The proposed settlement calls for an increase in the usage limit. The additional 2,500 minutes proposed translates to nearly 42 hours. This change brings the total hours available to the customers to 208 hours per month. The Board finds this limit to be reasonable.

The proposed settlement sets forth several notice provisions that Iowa Telecom will be providing its customers. These notices should assist Iowa Telecom's customers to analyze their usage patterns and allow them to make informed responses to the proposed changes to the usage limits.

Finally, the Board was initially concerned with Iowa Telecom's first revenue calculations as several assumptions were used in its attempt to determine the number of customers that may drop this service. However, the revenue calculations used in creating this settlement agreement follow a more traditional method. Since the revision was first proposed, a majority of those customers with an unusually high usage rate have discontinued this particular service. The revenue calculations reflect this impact. Therefore, the revised calculations demonstrate that Iowa Telecom will be in compliance with Iowa Code § 476.97(11)"e"(3).

The Board finds that the implementation of the usage limit with an excess usage charge is appropriate to prevent future abuse of this service by customers

using it for unlimited data connections rather than voice. The Board finds the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

IT IS THEREFORE ORDERED:

1. The proposed tariff filed by Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, on June 21, 2001, identified as TF-01-159, and made subject to investigation as part of this proceeding, is declared to be unjust, unreasonable, and unlawful.
2. The unanimous settlement agreement filed by Iowa Telecom and Consumer Advocate, on October 1, 2001, is approved.
3. Iowa Telecom shall file a tariff in compliance with the settlement and this order within 20 days from the date of this order.
4. This order constitutes the final decision of the Board in Docket No. RPU-01-7.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 30th day of November, 2001.